

2003 Session: Job Makers & Job Killers

While our state's economy was a dominant factor during the 2003 legislative session, it required hard work on behalf of many lawmakers, employers and labor groups to gain approval for key job creation bills. We also worked together to defeat measures that would threaten jobs and make it harder for Washington businesses to keep their doors open. The list below outlines the key pieces of legislation we addressed and the results we achieved.

Job Maker Bills

State Budget without New Taxes

Republicans in the Legislature and Gov. Locke made it clear from the start that we could balance the budget without placing an additional tax burden on families or employers. We were successful in defeating a \$273 million tax increase proposed by House Democrats and adopted a responsible no-new-tax operation budget.

Tax Incentives for Job Creation

I supported maintaining tax incentives that encourage investment and job growth in Washington. This year we adopted bills to entice aerospace and for high-tech companies to invest in manufacturing facilities that provide good paying jobs (*House Bill 2294 and Senate Bill 5725*).

Other tax incentives to bring other manufacturing and research and development jobs to economically depressed areas of our state are scheduled to expire. We are working to extend those tax incentives to bring jobs to Washington, but have not reached agreement with House Democrats to keep these job-making incentives in place.

Tax Fairness

The Legislature made it easier for employers to do business in Washington by changing requirements on state and local taxes to provide for uniformity and fairness (*House Bill 2030*).

We also corrected an error in the law to prevent certain businesses from having to pay \$60 million in new, unintended taxes (*House Bill 1977*).

Unemployment Insurance

Washington has led the country in unemployment insurance liability costs. I fought for comprehensive reform of the UI tax schedule to ensure workers are treated fairly and costs for employers are reasonable. We were successful this session in adopting historic reforms to the UI system that were considered critical to keeping jobs here in Washington (*Senate Bill 6097*).

Workers Compensation

The state has implemented an average increase of 29 percent in workers' compensation premiums with additional double-digit increases expected this year. These increases are excessive, and I supported changes that would reduce costs in the system. We were successful in adopting changes for dealing with hearing loss claims – a major cost driver in the system (*Senate Bill 5271*). But more reforms are needed to control costs for employers who provide jobs.

Rule-Making Authority

Our jobless rate is among the highest in the nation. Reviewing onerous rules, like ergonomics, and reining in state agencies that adopt costly rules without accountability will create a better regulatory climate for employers and their workers. We failed to make progress on this legislation (*House Bills 1307-1315*) and the governor vetoed legislation requiring his signature on all new rules adopted by his agencies (*House Bill 1531*).

Building Roads and Infrastructure

House Republicans have introduced proposals to improve transportation and other key infrastructure needs to help attract employers. Furthermore, we have improved accountability in the transportation system by authorizing performance audits and reforms to control the cost of highway construction.

Tort Reform

The cost of legal liability is threatening our economy, particularly the health care industry. We must put the interests of citizens ahead of the interests of lawyers by replacing the current tort system with a fair, predictable and timely liability process. Our tort reform legislation did not receive approval this session, but will be up for discussion again in 2004 (*House Bill 1643, SB 5728 and HJR 4207*).



Serving as House Republican Leader this past year, Rep. McMorris made job creation and retention issues a top priority.

Job Killer Bills

Driving Employers out of Washington

HB 1869 would have created a commission to audit business tax incentives and determine which should be eliminated. The commission would be appointed by the governor. This panel would have threatened the tax policies that have brought millions in investments by employers over the last ten years.

Turning Out the Lights on Businesses

House Bill 1316 would have raised utility tax rates for nearly all industrial and commercial consumers by changing from a gross receipts tax to a volumetric tax.

More Business Mandates

Bills were introduced requiring employers to provide paid vacation, mandatory 60-day advanced notice of layoffs, relocations or terminations, wage and benefit minimums for contractors and subcontractors of state contracts, mandatory participation in government-run health care plans, energy efficiency standards, labor quotas on state contracts, and non-smoking restrictions on some businesses (*House Bills 1065, 1221, 1544, 1830, 1944, 1979, and 2047*).

Workers' Compensation Increases

Increases in workers' compensation rates would have resulted from proposals to require more expensive rehabilitation benefits, new premium rates based on actuarial levels, and requiring payment of benefits while claims are under appeal (*House Bills 1611, 1626, 1628, and 2052*).

STATE ECONOMY FACTS

■ From Dec. 2000 to Oct. 2002:

- ✓ 44,400 manufacturing jobs were lost
- ✓ 32,400 retail and trade jobs were lost
- ✓ 24,800 jobs were lost in the service industry
- ✓ 31,300 government jobs, including education, were ADDED

■ From July 1999 to November 2002, Washington suffered a net loss of 157,500 jobs.

■ Washington's unemployment rate, currently at 7.33 percent, has remained one of the three highest in the nation.

- Real per capita income, a key indicator of the state's economic performance, has declined in 7 of the last 12 quarters. It declined from \$29,843 at the beginning of 2000 to a low of \$28,808 by the end of 2001.
- Washington manufacturing jobs are expected to decline from a peak of more than 381,000 in the second quarter of 1998 to about 296,000 at the end of 2004.
- Aerospace-related manufacturing is expected to lose more than 49,000 jobs between the second quarter of 1998 and the end of 2004.

Washington's Economy

Why Employers and Working Families Need our Support

"Nearly 160 jobs to be cut at Nordstrom's Seattle call center" – Seattle P-I/AP, March 1, 2003

"Magnesium plant headed overseas" – Spokesman Review, Dec. 10, 2002

"Mill closing cuts to the heart of Republic" – Seattle Times, Feb. 7, 2003

"Miller to shut down historic brewery" – Olympian, Jan 10, 2003

"Wages, insurance eyed as barriers to economic growth" – Olympian, Jan. 5, 2003

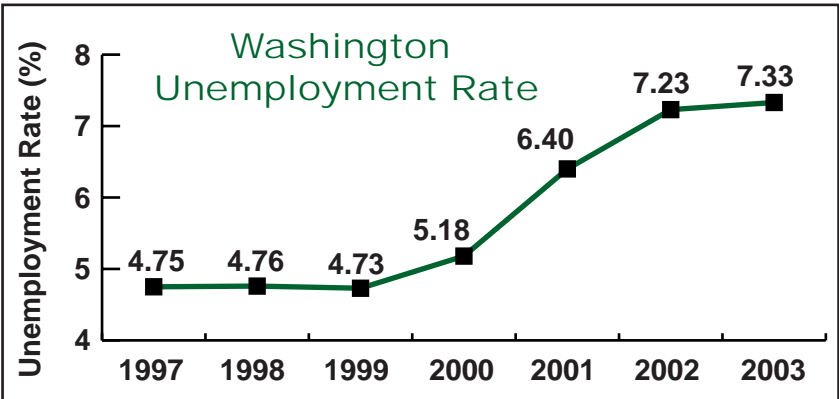
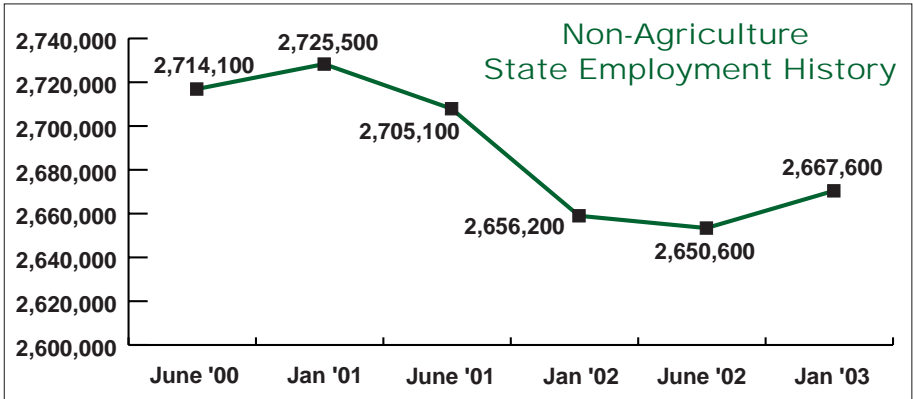
"Over-regulation limits growth, companies say" – Olympian, Jan. 5, 2003

"Juice apple shortage prompting Tree Top to trim 75 workers now, 45 more by mid-February" – Yakima Herald-Republic, Dec, 27, 2002

"Boeing workers in Spokane accept pay cuts" – Puget Sound Business Journal, Jan. 8, 2003

"Qiagen Genomics facility in Bothell shutting down" – Puget Sound Business Journal, Jan. 8, 2003

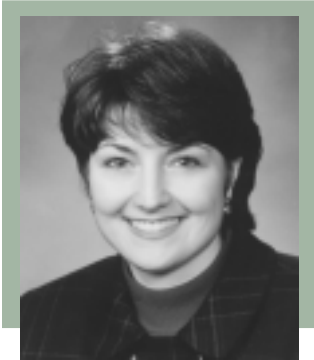
"Group Health loses members, cuts jobs" – Seattle P-I, Dec. 6, 2002



Jobs report

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Creating Jobs & Prosperity for Washington

Dear Friends,

With our state's economy in decline and families struggling to find and keep good jobs, it became extremely important for the Legislature to take action that would help put citizens back to work and on the road to prosperity. Rural communities such as ours have been especially hard hit. And with warning signs from Boeing and other major employers, lawmakers from around the state are sharing my concern for hard working families.

A strong push by many lawmakers, the governor, employers and labor groups resulted in significant reforms that will help our economy rebound quicker and bring more jobs to our state. We didn't accomplish everything I had hoped, but we have been successful in bringing the plight of job providers to the top of the agenda in Olympia.

Bringing jobs to our state has been a priority for me throughout my legislative career. This year, with the added responsibility and honor of serving as leader for the House Republicans, I was well positioned to work on these important job creation and retention issues, as well as other important issues impacting the 7th Legislative District. This newsletter offers a summary of the proposals I supported to help create jobs and improve opportunities for citizens. It outlines the Legislature's successes, those we were unable to pass, and a number of proposals that are counterproductive to our goal of making Washington a better place to do business.

I hope you find this information both interesting and helpful in understanding my efforts in the Legislature. If you have questions or comments on these issues, I would be pleased to hear from you. It's an honor to be working on your behalf in Olympia.

Best regards,

Cathy McMorris, State Representative

Jobs report

